



Patrick W. Henning, Director

July 1, 2008

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Arnold Schwarzenegger
Governor

Ms. Kathy M. Gallagher, Director
Department of Social Services
Santa Barbara County
234 Camino del Remedio
Santa Barbara, CA 93110-1369

Dear Ms. Gallagher:

WORKFORCE INVESTMENT ACT
FISCAL AND PROCUREMENT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Santa Barbara County Workforce Investment Board's (SBC) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Ms. Stacy Corrales and Mr. David Ajirogi from April 14, 2008 through April 18, 2008. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, and contract terms and agreements and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SBC with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2007-08.

We collected the information for this report through interviews with representatives of SBC, a review of applicable policies and procedures, and a review of documentation retained by SBC for a sample of expenditures and procurements for PY 2007-08.

We received your response to our draft report on June 11, 2008, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed the finding cited in the draft report no further action is required at this time. However, this issue will remain open until we verify the implementation of your stated corrective action plan during a future onsite review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 80102.

BACKGROUND

The SBC was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, SBC was allocated: \$792,894 to serve 82 adult participants; \$1,173,334 to serve 234 youth participants; and \$679,549 to serve 62 dislocated worker participants.

For the quarter ending December 31, 2007, SBC reported the following expenditures and enrollments for its WIA programs: \$396,204 to serve 35 adult participants; \$0 to serve 99 youth participants; and \$126,292 to serve 45 dislocated worker participants.

FISCAL REVIEW RESULTS

We concluded that, overall, SBC is meeting applicable WIA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

While we concluded that, overall, SBC is meeting applicable WIA requirements concerning procurement, we noted an instance of noncompliance in the area of contract provisions. The finding that we identified in this area is specified below.

FINDING 1

Requirement: 20 CFR 667.200(d) states, in part, that all WIA Title I grant recipients and subrecipients must comply with the government-wide requirements for debarment and suspensions and a drug-free workplace.

20 CFR 667.200(f) states, in part, that all WIA Title I grant recipients and subrecipients must comply with the nondiscrimination and equal opportunity provisions of WIA Section 188.

29 CFR 95.48(d) states, in part, that Department of Labor (DOL) or its duly authorized representative shall have access to records for auditing or monitoring purposes.

29 CFR 95.48(e) states, in part, that all contracts awarded shall contain the provisions of Appendix A to this part, including nondiscrimination and equal opportunity provisions, DOL requirements pertaining to patent rights, and debarment and suspension requirements, including Executive Order (EO) 12689.

Observation: We reviewed contracts for SERS Jobs For Progress and Community Action Commission and found that SBC did not include EO 12689 language in their General Provisions and Standards of Conduct contract addendum under the debarment and suspension requirements for these contracts. Also, the consultant contract for Valerie Dhanens was missing the entire debarment and suspension clause, including the above EO language, and the contract provisions that address nondiscrimination and equal opportunity, patent rights, access to records for auditing or monitoring purposes, and drug-free workplace certification.

Recommendation: We recommended that SBC submit a corrective action plan to the Compliance Review Division (CRD) stating how it will include the above required provisions in future contracts.

SBC Response: The SBC submitted its updated General Provisions and Standards of Conduct contract addendum which now includes reference to EO 12689. Also, SBC provided CRD with a copy of the updated General Provisions and Standards of Conduct contract addendum signed by Valerie Dhanens.

State Conclusion: The SBC's stated corrective action should be sufficient to resolve this issue and no further corrective action is required. However, we cannot close this issue until we verify, during a future onsite visit, SBC's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80102.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is SBC's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives.

Ms. Kathy M. Gallagher

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Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SBC's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Ms. Stacy Corrales at (916) 653-6123.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a large, stylized loop at the beginning.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Norma McKay, MIC 50
Linda Patton-Finch, MIC 50